

(unofficial translation)

Special Agricultural Consultancy between the Government of the Syrian Arab Republic and the Government of the Republic of Sudan

President of the Syrian Arab Republic, Bashshar Al-Assad

The Syrian Arab Republic and the Republic of Sudan to be mentioned later between the agreed parties:

- In support of the brotherly relationships and collectivism which connect the two people and to promote the special historical relationships between the Syrian Arab Republic and the Republic of Sudan, and
- Based on their mutual wish, the two parties are eager to take practical action and draft a cooperative agreement in the field of agriculture (signed among the two parties in January 2000) and to implement it accordingly, and
- To confirm the minutes of the meeting which convey what was discussed during the visit of the Syrian delegation to Sudan between 11 and 12 of February, 2001 (11-12/02/2001).

Clause (1) - This agreement complies with the decisions of the agreement on Incentive and Mutual Protection of Investment between the agreed parties.

Clause (2) - In coordination with the Syrian Party and in taking into consideration the final technical and economic feasibility study, the Republic of Sudan draws the borders of a piece of land from local lands of Abu Futah, District (Muhafaza) of Al-Hasasisa in the state of Al-Jazira. The size of the Land is 30,900 acre (30,000 Faddan), subject to increase (referred to as “the Land” in the following text). The Land will be delivered to the Syrian Party to benefit from according to the decisions of this agreement with no right, or rent, or benefit, or other binding rights, or property rights, except the property rights of the Republic of Sudan.

Clause (3) – The duration of investment of the Land is fifty years, subject to renewal. The Republic of Sudan is responsible for the rent pay on every worked acre.

Clause (4) - The Republic of Sudan gives the Syrian Arab Republic, as it sees convenient, the right of agricultural and animal investment and agricultural industrialization.

Clause (5) - The Republic of Sudan permits the Syrian Party to acquire what the project needs as water resources from the White Nile, as well as underground water resources. The

Syrian Party is committed to use the water without any waste or damage of the respective resources and to integrate modern agricultural and irrigation technologies to the project.

Clause (6) - The Syrian Party is committed to preserve the environmental well being of the Land during its projects based on international standards, on the condition that it privatizes 5% of the Land's area for Forest Tree plantation, including wind blockers, with reference to the Sudanese Laws.

Clause (7) - Both parties agreed that in case of discovery of any kind of precious metals, precious stones, vegetable charcoal, oil or any other raw resources on the ground or underground, the Republic of Sudan shall fully utilize them. In this case, the investor will be compensated for the used land or any constructions deployed on the allocated land. The Republic of Sudan has the right to share the resources with the Arab Syrian Republic as it sees fit.

Clause (8) - The Syrian Arab Republic is committed to provide irrigation to 10,300 acre (10,000 Faddan) outside the Land allocated to the Syrian Arab Republic land which is 30,900 acre (30,000 Faddans). This is to serve the peasants working the Land for minimal wages and that is to be agreed upon by both parties.

Clause (9) - The Sudanese Party assures the Syrian Party:

- 1- Free movement and transfer of capital according to what was agreed in the Investment Incentive and Mutual Protection of Investment agreement, indicated in Clause (1) of this agreement.
- 2- Freedom to export of the project's processed or unprocessed products.
- 3- Freedom to select project managers, employees, technicians, workers, either with Sudanese or Syrian nationality. In case of selecting other than Sudanese or Syrians, the selected persons shall be subject to the approval of the Sudanese Party in order to facilitate their job transfer without any constraints and provide them with visa wherever it is necessary.
- 4- Freedom to import of project requirements such as equipment, machines, spare parts, production inputs and materials and the freedom to re-export unwanted equipment, and materials or to sell them in the local market.
- 5- The Warranty and Legal Protection of Property allocated by the Republic of Sudan.

Clause (10) – Benefiting from all that was mentioned in the Sudanese investment incentive Law, the project provides the following special services:

- 1- Full exemption from custom duties on all machines, equipment, project cars, on the condition that all the imported machines, equipment and others related to the project should be as listed and agreed upon in the economic feasibility study.
- 2- Exemption from Profit Income Tax on the conducted business for a period not more than ten years (10 years). During the allocated period of the project, any kind of taxes and fees are also not included in case such are imposed during later phases. The exemption is applicable from the beginning of commercial production.
- 3- Ensure the project products have the highest quality standards that are provided to foreign investors and to Sudanese producers.
- 4- The Syrian Party has the right to an exceptional exemption of custom duties for all its imports during the period of the feasibility study such as cars, machines, and equipment and whatever else is needed during the feasibility study work.
- 5- Exemption from custom duty on production inputs for a period of two year from the date of actual exploitation of the Land.

Clause (11) - All non-local employees and workers are exempted from any federation taxes or state taxes or any fees or taxes that are newly issued.

Clause (12) - The Sudanese Investment Incentive Law is applicable in all its content unless otherwise indicated in a special text in this agreement. And the government of Republic of Sudan has the role of the protector according to the ongoing arrangements at the present time and to the new arrangements taking place in the future. This is applicable to all kinds of investments that are included in this agreement during the present and at future time.

Clause (13):

- a- The Syrian Party is committed to develop a technical and economic feasibility study of the project during a four months period from the start date of this agreement, on condition that the feasibility study does not take more than twelve months after the end of the timeline indicated earlier.
- b- The second Party is committed to complete the constructions and infrastructure of the project during a period of three years and to begin the actual comprehensive production during two years time after the completion of the infrastructure.

Clause (14) - This project is considered to be a federation project invested exclusively by the Government of the Syrian Arab Republic. In case the Syrian Government wishes to transfer the project fully or partially for the purpose of investment through the private sector, the process complies with the current investment law of the Republic of Sudan and upon mutual agreement of both parties.

This agreement is considered to be valid as of the date of exchange of fulfilled criteria of both parties concerned and when both parties fulfill the constitutional requirements for the execution of the agreement.

The agreement is signed in the city of Damascus on May 22nd, 2002 AC, corresponding to 10 Rabi' Al-Awal (First Spring), 1423 Hujri in two original copies in the Arabic language.

From the Government of Republic of Sudan

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